



April 6, 2001

ENGROSSED SENATE BILL No. 79

DIGEST OF SB 79 (Updated April 3, 2001 2:50 PM - DI 73)

Citations Affected: IC 6-3.5.

Synopsis: Provides that a county may impose a county economic development income tax (CEDIT) for property tax replacement purposes on the apportioned net income of corporations and pass through entities. Provides that this tax may be imposed at a rate of not more than 1.5% of the apportioned net income of a corporation and not more than 0.5% of the apportioned net income of a partnership or S corporation. Provides that the revenue generated from this tax is not included in the certified distributions of revenues from the CEDIT imposed on individuals, but shall instead be deposited in a county personal property tax replacement fund and used to provide tax credits against property tax liability on business personal property. Provides that the entity that imposes the tax (either the county council or the county income tax council) shall each year specify by ordinance the types or classes of business personal property that are eligible for property tax replacement. Specifies that the credit percentage shall be uniform throughout a county for eligible business personal property.

Effective: Upon passage; July 1, 2001.

**Weatherwax, Simpson, Hershman,
Skillman, Kenley, Borst, Miller,
Blade, Howard, Long, Wyss,
Meeks C, Meeks R, Waterman,
Riegsecker, Clark, Alting, Landske,
Ford, Paul, Zakas**

(HOUSE SPONSORS — KLINKER, HARRIS, BOSMA, ESPICH, GRUBB)

January 8, 2001, read first time and referred to Committee on Finance.

March 1, 2001, amended, reported favorably — Do Pass.

March 5, 2001, read second time, ordered engrossed. Engrossed.

March 6, 2001, read third time, passed. Yeas 50, nays 0.

HOUSE ACTION

March 13, 2001, read first time and referred to Committee on Ways and Means.

April 5, 2001, amended, reported — Do Pass.

ES 79—LS 6471/DI 92



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April 6, 2001

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

ENGROSSED SENATE BILL No. 79

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.5-7-1.2 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2001]: **Sec. 1.2. As used in this chapter, "apportioned net**
4 **income" means a taxpayer's net income multiplied by:**

5 **(1) the assessed value of all property of the taxpayer that is:**

6 **(A) taxable under IC 6-1.1; and**

7 **(B) located in the county; divided by**

8 **(2) the assessed value of all property of the taxpayer that is:**

9 **(A) taxable under IC 6-1.1; and**

10 **(B) located in Indiana.**

11 SECTION 2. IC 6-3.5-7-4.4 IS ADDED TO THE INDIANA CODE
12 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
13 1, 2001]: **Sec. 4.4. As used in this chapter, "net income" means the**
14 **following:**

15 **(1) In the case of a corporation subject to taxation under**
16 **IC 6-3-8, the corporation's taxable income (as defined in**
17 **IC 6-3-1-3.5(b)).**

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(2) In the case of a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2), the corporation's total S corporation income reported on the taxpayer's Indiana S corporation income tax return for the year.

(3) In the case of a partnership, the partnership's total partnership income reported on the partnership's Indiana partnership return for the year, adjusted by:

(A) subtracting any income of the partnership that constitutes personal service income as defined in Section 1348(b)(1) of the Internal Revenue Code or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership, whichever is greater; and

(B) adding the amount of deductions allowed to the partnership under Section 707(c) of the Internal Revenue Code in calculating its taxable income.

SECTION 3. IC 6-3.5-7-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 4.5. As used in this chapter, "pass through entity" means a:**

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2); or

(2) partnership.

SECTION 4. IC 6-3.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers and on the apportioned net income of taxpayers described in section 5.5 of this chapter. The entity that may impose the tax is:**

(1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;

(2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or

(3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.



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(b) Except as provided in subsections (c), and (g), **and section 5.5 of this chapter**, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), or (i), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%), **excluding any rate imposed under section 5.5 of this chapter**. Except as provided in subsection (g), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%), **excluding any rate imposed under section 5.5 of this chapter**.

(d) To impose the county economic development income tax **on county taxpayers**, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred twenty-nine thousand (129,000) but less than one hundred thirty thousand six hundred (130,600). In addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of:
- (A) fifteen-hundredths percent (0.15%);



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(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%);

on county taxpayers; and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%),

excluding any rate imposed under section 5.5 of this chapter; if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than thirty-seven thousand (37,000) but less than thirty-seven thousand eight hundred (37,800), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%), **excluding any rate imposed under section 5.5 of this chapter,** if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than twelve thousand six hundred (12,600) but less than thirteen thousand (13,000), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%), **excluding any rate imposed under section 5.5 of this chapter.**

SECTION 5. IC 6-3.5-7-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 5.5. (a) In addition to the county economic development income tax imposed on the adjusted gross income of county taxpayers under section 5 of this chapter, the county income tax council or the county council, as determined under section 5 of this chapter, may impose an economic development income tax for business personal property tax replacement purposes on the apportioned net income of corporations and pass through entities.**

(b) The county economic development income tax may be imposed under this section at a rate of:

(1) not more than one and five-tenths percent (1.5%) of the apportioned net income of a corporation; and

(2) not more than five-tenths percent (0.5%) of the apportioned net income of a pass through entity.

(c) The county economic development income tax may be imposed under this section on corporations and pass through entities in the same manner that the county economic development income tax is imposed on county taxpayers under section 5 of this

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chapter.

SECTION 6. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers **under section 5 of this chapter** as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate **imposed under section 5 of this chapter**, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate increase (decrease) takes effect July 1 of this year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 7. IC 6-3.5-7-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. (a) A special account within the state general fund shall be established for each county adopting the county economic development income tax. Any revenue derived from the imposition of the county economic development income tax by a county shall be credited to that county's account in the state general fund. **The department shall establish a separate subaccount for a county that has imposed a county economic development income tax rate under section 5.5 of this chapter. Any revenue derived from the imposition of the county economic development income tax on corporations and pass through entities under section 5.5 of this chapter by a county shall be credited to that county's subaccount.**

(b) Any income earned on money credited to an account under subsection (a) becomes a part of that account. **Any income earned on money credited under subsection (a) to a county's subaccount becomes a part of that subaccount.**

(c) Any revenue credited to an account established under subsection (a) at the end of a fiscal year may not be credited to any other account



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in the state general fund.

SECTION 8. IC 6-3.5-7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before July 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall estimate and certify to the county auditor of each adopting county the **following:**

(1) The amount of county economic development income tax revenue, excluding county economic development income tax revenue collected under a tax imposed under section 5.5 of this chapter, that will be collected from that county during the twelve (12) month period beginning July 1 of that calendar year and ending June 30 of the following calendar year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified may be adjusted under subsection (c) or (d).

(2) The amount of county economic development income tax revenue that will be collected from that county under a tax imposed under section 5.5 of this chapter during the twelve (12) month period beginning July 1 of that calendar year and ending June 30 of the following calendar year. The amount certified is the county's business personal property tax replacement certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified may be adjusted under subsection (c) or (d).

(c) The department may certify to an adopting county an amount that is greater than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that there will be a greater amount of revenue available for distribution from the county's account established under section 10 of this chapter.

(d) The department may certify an amount less than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that a part of those collections need to be distributed during the current calendar year so that the county will receive its full certified distribution for the current calendar year.

SECTION 9. IC 6-3.5-7-12, AS AMENDED BY P.L.14-2000,



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SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) Except as provided in ~~section~~ **sections 23 and 24** of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and ~~section~~ **sections 15 and 24** of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) **Except as provided in section 24 of this chapter**, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The

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denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The state board of tax commissioners shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of ~~section sections~~ **15 and 24** of this chapter.

SECTION 10. IC 6-3.5-7-13.1, AS AMENDED BY P.L.124-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in ~~section sections~~ **23 and 24** of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) Except as provided in sections 15, ~~and~~ 23, ~~and~~ **24** of this chapter, revenues from the county economic development income tax may be used as follows:

(1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written

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agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(c) As used in this section, an economic development project is any project that:

(1) the county, city, or town determines will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the unit; or

(C) retain or expand a significant business enterprise within the unit; and

(2) involves an expenditure for:

(A) the acquisition of land;

(B) interests in land;

(C) site improvements;



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- 1 (D) infrastructure improvements;
- 2 (E) buildings;
- 3 (F) structures;
- 4 (G) rehabilitation, renovation, and enlargement of buildings
- 5 and structures;
- 6 (H) machinery;
- 7 (I) equipment;
- 8 (J) furnishings;
- 9 (K) facilities;
- 10 (L) administrative expenses associated with such a project,
- 11 including contract payments authorized under subsection
- 12 (b)(2)(D);
- 13 (M) operating expenses authorized under subsection (b)(2)(E);
- 14 or
- 15 (N) to the extent not otherwise allowed under this chapter,
- 16 substance removal or remedial action in a designated unit;
- 17 or any combination of these.

18 SECTION 11. IC 6-3.5-7-15 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15. (a) The executive
 20 of a county, city, or town may, **subject to the use of the certified**
 21 **distribution permitted under section 24 of this chapter:**

- 22 (1) adopt a capital improvement plan specifying the uses of the
- 23 revenues to be received under this chapter; or
- 24 (2) designate the county or a city or town in the county as the
- 25 recipient of all or a part of its share of the distribution.

26 (b) If a designation is made under subsection (a)(2), the county
 27 treasurer shall transfer the share or part of the share to the designated
 28 unit unless that unit does not have a capital improvement plan.

29 (c) A county, city, or town that fails to adopt a capital improvement
 30 plan may not receive:

- 31 (1) its fractional amount of the certified distribution; or
- 32 (2) any amount designated under subsection (c)(2);

33 for the year or years in which the unit does not have a plan. The county
 34 treasurer shall retain the certified distribution and any designated
 35 distribution for such a unit in a separate account until the unit adopts
 36 a plan. Interest on the separate account becomes part of the account. If
 37 a unit fails to adopt a plan for a period of three (3) years, then the
 38 balance in the separate account shall be distributed to the other units in
 39 the county based on property taxes first due and payable to the units
 40 during the calendar year in which the three (3) year period expires.

41 (d) A capital improvement plan must include the following
 42 components:



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(1) Identification and general description of each project that would be funded by the county economic development income tax.

(2) The estimated total cost of the project.

(3) Identification of all sources of funds expected to be used for each project.

(4) The planning, development, and construction schedule of each project.

(e) A capital improvement plan:

(1) must encompass a period of no less than two (2) years; and

(2) must incorporate projects the cost of which is at least seventy-five percent (75%) of the fractional amount certified distribution expected to be received by the county, city, or town in that period of time.

(f) In making a designation under subsection (a)(2), the executive must specify the purpose and duration of the designation. If the designation is made to provide for the payment of lease rentals or bond payments, the executive may specify that the designation and its duration are irrevocable.

SECTION 12. IC 6-3.5-7-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 24. (a) This section applies only to a county that has adopted the economic development income tax for business personal property tax replacement under section 5.5 of this chapter.**

(b) As used in this section, "net property tax liability on business personal property" means the property taxes attributable to business personal property eligible for property tax replacement under this section that are due and payable as shown on the property tax statement sent to a person after all deductions and credits, including the credits under IC 6-1.1-20.5 and IC 6-1.1-21, have been applied under any other statute.

(c) As used in this section, "business personal property" includes personal property as defined in IC 6-1.1-1-11.

(d) If the county council or county income tax council imposes a county economic development income tax under section 5.5 of this chapter, the county economic development income tax revenue generated by the tax rate imposed under section 5.5 of this chapter shall be used for property tax replacement purposes in the county as specified in this section. The entity that imposes a tax under section 5.5 of this chapter shall each year specify by ordinance the types or classes of business personal property that are eligible for



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property tax replacement under this section.

(e) The county treasurer shall establish a business personal property tax replacement fund to be used only for the purposes described in this section. The county's business personal property tax replacement certified distributions shall be deposited in the business personal property tax replacement fund and shall not be included in the certified distributions made under section 12 of this chapter.

(f) The county assessor shall determine the amount of each property owner's assessed value that is attributable to the assessed value of business personal property in the county that is eligible for property tax replacement under this section. Before December 1 of each year, the county assessor shall provide the county auditor with the amount of assessed value of business personal property for each taxpayer that is eligible for property tax replacement under this section.

(g) The county auditor shall compute the amount of property taxes in the county that is attributable to assessed value of business personal property that is eligible for property tax replacement under this section, as reported by the county assessor using the same property tax liability that is used to calculate the property tax replacement credit under IC 6-1.1-21-5 but after deducting the property tax replacement credit and the personal property tax reduction credit under IC 6-1.1-20.5.

(h) Before March 1 of each year, each county auditor shall certify to the state board of tax commissioners the amount of assessed value of business personal property that is eligible for property tax replacement under this section and for which the credit should be applied. Before March 15 of each year, the state board of tax commissioners shall, based on the balance in the county's business personal property tax replacement fund, certify to the county auditor the amount of business personal property tax replacement credits that will be provided to each taxpayer in the county for the year. The percentage of the credit against property taxes on eligible business personal property must be uniform throughout the county. To the extent consistent with this section, the credits shall be determined in the same manner as property tax replacement credits are determined under IC 6-1.1-21 but after deducting the property tax replacement credit and the personal property tax reduction credit.

(i) The county auditor shall do the following:

(1) Apply the business personal property tax replacement

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1 credit percentage under this section against the net property
2 tax liability on business personal property of each taxpayer in
3 the county that is eligible for property tax replacement under
4 this section.

5 (2) Distribute from the county's business personal property
6 tax replacement fund to each taxing unit in the county the
7 amount of business personal property tax replacement credits
8 allocated to the taxing unit for the year.

9 (j) A taxing unit shall treat property tax replacement credits
10 received during a particular calendar year under this section as a
11 part of the taxing unit's property tax levy for each fund for that
12 same calendar year for purposes of fixing the taxing unit's budget
13 and for purposes of property tax levy limits.

14 (k) For the purpose of computing and distributing certified
15 distributions under IC 6-3.5-1.1 and tax revenue under IC 6-5-10,
16 IC 6-5-11, IC 6-5-12, IC 6-5.5, or IC 6-6-5, the property tax
17 replacement credits that are received under this section shall be
18 treated as though they were property taxes that were due and
19 payable during that same calendar year.

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SENATE MOTION

Mr. President: I move that Senator Hershman be added as coauthor of Senate Bill 79.

WEATHERWAX

SENATE MOTION

Mr. President: I move that Senator Skillman be added as coauthor of Senate Bill 79.

WEATHERWAX

SENATE MOTION

Mr. President: I move that Senators Kenley, Borst and Miller be added as coauthors of Senate Bill 79.

WEATHERWAX

SENATE MOTION

Mr. President: I move that Senator Simpson be added as second author and Senators Blade and Howard be added as coauthors of Senate Bill 79.

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SENATE MOTION

Mr. President: I move that Senator Long be added as coauthor of Senate Bill 79.

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SENATE MOTION

Mr. President: I move that Senator Wyss be added as coauthor of Senate Bill 79.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 79, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 6, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-12-40 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: **Sec. 40. (a) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction established in subsection (e).**

(b) As used in this section, "county income tax council" means a council established by IC 6-3.5-6-2.

(c) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6."

Page 1, line 7, delete "Sec. 2." and insert "(d)".

Page 1, line 7, delete "chapter," and insert "section,".

Page 1, between lines 8 and 9, begin a new paragraph and insert:

"(e) Except as provided in subsection (j), a deduction applies to the assessed value of inventory. If the county fiscal body or county income tax council does not take action under subsection (f), the deduction is equal to a percentage of the assessed value of inventory for the appropriate year of assessment as follows:

YEAR OF ASSESSMENT	PERCENTAGE
2002	10%
2003	20%
2004	30%
2005	40%
2006	50%
2007	60%
2008	70%
2009	80%
2010	90%
2011 and thereafter	100%

(f) An ordinance may be adopted before January 1, 2002, to provide that:

- (1) the percentage of the deduction established in subsection (e) is one hundred percent (100%) for the 2002 year of assessment and thereafter;**
- (2) the percentage of the deduction established in subsection**



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(e) reaches one hundred percent (100%) within a period between two (2) years and nine (9) years under the appropriate schedule in subsection (i); or

(3) the deduction established in subsection (e) does not apply for any year of assessment.

(g) The entity that may adopt the ordinance under subsection (f) is:

(1) the county income tax council if the county option income tax is in effect on January 1, 2001;

(2) the county fiscal body if the county adjusted gross income tax is in effect on January 1, 2001; or

(3) the county income tax council or the county fiscal body, whichever acts first, for a county not covered by subdivision (1) or (2).

To adopt an ordinance under subsection (f), a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax. The entity that adopts the ordinance shall provide a certified copy of the ordinance to the state board of tax commissioners before February 1, 2002.

(h) If an ordinance is adopted under subsection (f)(1), the deduction established in subsection (e) applies in the amount of one hundred percent (100%) for the 2002 assessment year and thereafter.

(i) If an ordinance is adopted under subsection (f)(2), the percentage to be used to determine the amount of the deduction established in subsection (e) is the percentage derived from the following table that corresponds to the period of years established in the ordinance over which the deduction reaches one hundred percent (100%):

(1) Period of nine (9) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	11%
2003	22%
2004	33%
2005	44%
2006	55%
2007	66%
2008	77%
2009	88%
2010 and thereafter	100%

(2) Period of eight (8) years:

YEAR OF ASSESSMENT	PERCENTAGE
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2002	13%
2003	25%
2004	38%
2005	50%
2006	63%
2007	75%
2008	88%
2009 and thereafter	100%

(3) Period of seven (7) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	14%
2003	28%
2004	43%
2005	57%
2006	71%
2007	85%
2008 and thereafter	100%

(4) Period of six (6) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	17%
2003	33%
2004	50%
2005	67%
2006	83%
2007 and thereafter	100%

(5) Period of five (5) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	20%
2003	40%
2004	60%
2005	80%
2006 and thereafter	100%

(6) Period of four (4) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	25%
2003	50%
2004	75%
2005 and thereafter	100%

(7) Period of three (3) years:

YEAR OF ASSESSMENT	PERCENTAGE
2002	33%
2003	67%



2004 and thereafter	100%
(8) Period of two (2) years:	
YEAR OF ASSESSMENT	PERCENTAGE
2002	50%
2003 and thereafter	100%

(j) If an ordinance is adopted under subsection (f)(3), the deduction established in subsection (e) does not apply for any assessment year.

(k) A taxpayer is not required to file an application to qualify for the deduction established in subsection (e).

(l) The state board of tax commissioners shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor shall:

- (1) determine the amount of the deduction; and
- (2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the inventory assessment.

(m) The deduction established in this section must be applied to any inventory assessment made by:

- (1) an assessing official;
- (2) a county property tax board of appeals; or
- (3) the state board of tax commissioners.

SECTION 2. IC 6-3.5-7-12, AS AMENDED BY P.L.14-2000, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 12. (a) Except as provided in ~~section~~ **sections 23 and 24** of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and ~~section~~ **sections 15 and 24** of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

- (1) The amount of the certified distribution for that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the sum of the following:
 - (A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus



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(B) For a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) **Except as provided in section 24 of this chapter**, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

(3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

(1) The county.

(2) A city or town in the county.

(3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The state board of tax commissioners shall provide each county auditor with the fractional amount of the certified distribution that the

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county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the state board of tax commissioners shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of ~~section~~ **sections 15 and 24** of this chapter.

SECTION 3. IC 6-3.5-7-13.1, AS AMENDED BY P.L.124-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 13.1. (a) The fiscal officer of each county, city, or town for a county in which the county economic development tax is imposed shall establish an economic development income tax fund. Except as provided in ~~section~~ **sections 23 and 24** of this chapter, the revenue received by a county, city, or town under this chapter shall be deposited in the unit's economic development income tax fund.

(b) Except as provided in sections 15, ~~and 23~~, **and 24** of this chapter, revenues from the county economic development income tax may be used as follows:

(1) By a county, city, or town for economic development projects, for paying, notwithstanding any other law, under a written agreement all or a part of the interest owed by a private developer or user on a loan extended by a financial institution or other lender to the developer or user if the proceeds of the loan are or are to be used to finance an economic development project, for the retirement of bonds under section 14 of this chapter for economic development projects, for leases under section 21 of this chapter, or for leases or bonds entered into or issued prior to the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

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- (B) the retirement of bonds issued under any provision of Indiana law for a capital project;
- (C) the payment of lease rentals under any statute for a capital project;
- (D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;
- (E) operating expenses of a governmental entity that plans or implements economic development projects;
- (F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or
- (G) funding of a revolving fund established under IC 5-1-14-14.

(c) As used in this section, an economic development project is any project that:

- (1) the county, city, or town determines will:
 - (A) promote significant opportunities for the gainful employment of its citizens;
 - (B) attract a major new business enterprise to the unit; or
 - (C) retain or expand a significant business enterprise within the unit; and
- (2) involves an expenditure for:
 - (A) the acquisition of land;
 - (B) interests in land;
 - (C) site improvements;
 - (D) infrastructure improvements;
 - (E) buildings;
 - (F) structures;
 - (G) rehabilitation, renovation, and enlargement of buildings and structures;
 - (H) machinery;
 - (I) equipment;
 - (J) furnishings;
 - (K) facilities;
 - (L) administrative expenses associated with such a project, including contract payments authorized under subsection (b)(2)(D);
 - (M) operating expenses authorized under subsection (b)(2)(E); or
 - (N) to the extent not otherwise allowed under this chapter, substance removal or remedial action in a designated unit;

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or any combination of these.

SECTION 4. IC 6-3.5-7-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 15. (a) The executive of a county, city, or town may, **subject to the use of the certified distribution permitted under section 24 of this chapter:**

(1) adopt a capital improvement plan specifying the uses of the revenues to be received under this chapter; or

(2) designate the county or a city or town in the county as the recipient of all or a part of its share of the distribution.

(b) If a designation is made under subsection (a)(2), the county treasurer shall transfer the share or part of the share to the designated unit unless that unit does not have a capital improvement plan.

(c) A county, city, or town that fails to adopt a capital improvement plan may not receive:

(1) its fractional amount of the certified distribution; or

(2) any amount designated under subsection (c)(2);

for the year or years in which the unit does not have a plan. The county treasurer shall retain the certified distribution and any designated distribution for such a unit in a separate account until the unit adopts a plan. Interest on the separate account becomes part of the account. If a unit fails to adopt a plan for a period of three (3) years, then the balance in the separate account shall be distributed to the other units in the county based on property taxes first due and payable to the units during the calendar year in which the three (3) year period expires.

(d) A capital improvement plan must include the following components:

(1) Identification and general description of each project that would be funded by the county economic development income tax.

(2) The estimated total cost of the project.

(3) Identification of all sources of funds expected to be used for each project.

(4) The planning, development, and construction schedule of each project.

(e) A capital improvement plan:

(1) must encompass a period of no less than two (2) years; and

(2) must incorporate projects the cost of which is at least seventy-five percent (75%) of the fractional amount certified distribution expected to be received by the county, city, or town in that period of time.

(f) In making a designation under subsection (a)(2), the executive must specify the purpose and duration of the designation. If the

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designation is made to provide for the payment of lease rentals or bond payments, the executive may specify that the designation and its duration are irrevocable.

SECTION 5. IC 6-3.5-7-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 24. (a) For purposes of this section, "imposing entity" means the entity that adopted the county economic development income tax under section 5 of this chapter.**

(b) Except as provided in subsection (d), the imposing entity may adopt an ordinance to provide for the use of all or a part of the certified distribution for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance may be adopted under this subsection after January 1 but before April 1 of a calendar year. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;**
- (2) must specify the calendar years to which the ordinance applies; and**
- (3) must specify the percentage of the certified distribution to be used for the purpose provided in subsection (e).**

(c) If an ordinance is adopted under subsection (b), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection (g); and**
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.**

(d) The imposing entity may not provide in an ordinance adopted under subsection (b) for the use of the certified distribution under this section:

- (1) to the extent that the certified distribution is pledged as described in section 12(d) of this chapter; or**
- (2) if an ordinance was adopted before January 1, 2002, under IC 6-1.1-12-40(f)(3).**

(e) The imposing entity may, in the ordinance adopted under subsection (b), determine to use all or a part of the certified distribution to increase the percentage credit allowed for homesteads in the county under IC 6-1.1-20.9-2 for a year. If an

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ordinance is adopted under subsection (b), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that will be dedicated to an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the year for all homesteads in the county that equals the amount determined under subdivision (1); and
- (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(f) The increased percentage of homestead credit determined by the county auditor under subsection (e) applies uniformly for all homesteads in the county in the calendar year for which the increased percentage is determined.

(g) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

SECTION 6. [EFFECTIVE JANUARY 1, 2002] (a) IC 6-1.1-12-40, as added by this act, applies to inventory assessments after December 31, 2001.

(b) This SECTION expires January 1, 2004."

Page 1, delete lines 9 through 17.

Delete pages 2 through 3.

and when so amended that said bill do pass.

(Reference is to SB 79 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 15, Nays 0.

ES 79—LS 6471/DI 92+



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SENATE MOTION

Mr. President: I move that Senators Meeks C, Meeks R, Waterman, Riegsecker and Clark be added as coauthors of Engrossed Senate Bill 79.

WEATHERWAX

SENATE MOTION

Mr. President: I move that Senators Alting, Landske, Ford, Paul and Zakas be added as coauthors of Engrossed Senate Bill 79.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 79, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-3.5-7-1.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 1.2. As used in this chapter, "apportioned net income" means a taxpayer's net income multiplied by:**

- (1) the assessed value of all property of the taxpayer that is:**
 - (A) taxable under IC 6-1.1; and**
 - (B) located in the county; divided by**
- (2) the assessed value of all property of the taxpayer that is:**
 - (A) taxable under IC 6-1.1; and**
 - (B) located in Indiana.**

SECTION 2. IC 6-3.5-7-4.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 4.4. As used in this chapter, "net income" means the following:**

- (1) In the case of a corporation subject to taxation under IC 6-3-8, the corporation's taxable income (as defined in IC 6-3-1-3.5(b)).**
- (2) In the case of a corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2), the corporation's total S corporation income reported on the taxpayer's Indiana S corporation income tax return for the year.**
- (3) In the case of a partnership, the partnership's total partnership income reported on the partnership's Indiana partnership return for the year, adjusted by:**
 - (A) subtracting any income of the partnership that constitutes personal service income as defined in Section 1348(b)(1) of the Internal Revenue Code or a reasonable allowance for compensation paid or accrued for services rendered by partners to the partnership, whichever is greater; and**
 - (B) adding the amount of deductions allowed to the partnership under Section 707(c) of the Internal Revenue Code in calculating its taxable income.**

SECTION 3. IC 6-3.5-7-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY

ES 79—LS 6471/DI 92+



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1, 2001]: **Sec. 4.5. As used in this chapter, "pass through entity" means a:**

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2); or**
- (2) partnership.**

SECTION 4. IC 6-3.5-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers **and on the apportioned net income of taxpayers described in section 5.5 of this chapter.** The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), and (g), **and section 5.5 of this chapter**, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), or (i), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%), **excluding any rate imposed under section 5.5 of this chapter.** Except as provided in subsection (g), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of

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a year may not exceed one percent (1%), **excluding any rate imposed under section 5.5 of this chapter.**

(d) To impose the county economic development income tax **on county taxpayers**, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred twenty-nine thousand (129,000) but less than one hundred thirty thousand six hundred (130,600). In addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

- (A) fifteen-hundredths percent (0.15%);
- (B) two-tenths percent (0.2%); or
- (C) twenty-five hundredths percent (0.25%);

on county taxpayers; and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%),

excluding any rate imposed under section 5.5 of this chapter; if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than thirty-seven thousand (37,000) but less than thirty-seven thousand eight hundred (37,800), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%), **excluding any rate imposed under section 5.5 of this chapter**, if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than twelve thousand six hundred (12,600) but less than thirteen thousand (13,000), the

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county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%), **excluding any rate imposed under section 5.5 of this chapter.**

SECTION 5. IC 6-3.5-7-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 5.5. (a) In addition to the county economic development income tax imposed on the adjusted gross income of county taxpayers under section 5 of this chapter, the county income tax council or the county council, as determined under section 5 of this chapter, may impose an economic development income tax for business personal property tax replacement purposes on the apportioned net income of corporations and pass through entities.**

(b) The county economic development income tax may be imposed under this section at a rate of:

- (1) not more than one and five-tenths percent (1.5%) of the apportioned net income of a corporation; and**
- (2) not more than five-tenths percent (0.5%) of the apportioned net income of a pass through entity.**

(c) The county economic development income tax may be imposed under this section on corporations and pass through entities in the same manner that the county economic development income tax is imposed on county taxpayers under section 5 of this chapter.

SECTION 6. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 6. (a) The body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers under section 5 of this chapter as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate imposed under section 5 of this chapter, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:**

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate increase (decrease) takes effect July 1 of this year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.



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(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 7. IC 6-3.5-7-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 10. (a) A special account within the state general fund shall be established for each county adopting the county economic development income tax. Any revenue derived from the imposition of the county economic development income tax by a county shall be credited to that county's account in the state general fund. **The department shall establish a separate subaccount for a county that has imposed a county economic development income tax rate under section 5.5 of this chapter. Any revenue derived from the imposition of the county economic development income tax on corporations and pass through entities under section 5.5 of this chapter by a county shall be credited to that county's subaccount.**

(b) Any income earned on money credited to an account under subsection (a) becomes a part of that account. **Any income earned on money credited under subsection (a) to a county's subaccount becomes a part of that subaccount.**

(c) Any revenue credited to an account established under subsection (a) at the end of a fiscal year may not be credited to any other account in the state general fund.

SECTION 8. IC 6-3.5-7-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before July 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall estimate and certify to the county auditor of each adopting county the **following**:

(1) The amount of county economic development income tax revenue, excluding county economic development income tax revenue collected under a tax imposed under section 5.5 of this chapter, that will be collected from that county during the twelve (12) month period beginning July 1 of that calendar year and ending June 30 of the following calendar year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified may be adjusted under subsection (c) or (d).



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(2) The amount of county economic development income tax revenue that will be collected from that county under a tax imposed under section 5.5 of this chapter during the twelve (12) month period beginning July 1 of that calendar year and ending June 30 of the following calendar year. The amount certified is the county's business personal property tax replacement certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified may be adjusted under subsection (c) or (d).

(c) The department may certify to an adopting county an amount that is greater than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that there will be a greater amount of revenue available for distribution from the county's account established under section 10 of this chapter.

(d) The department may certify an amount less than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that a part of those collections need to be distributed during the current calendar year so that the county will receive its full certified distribution for the current calendar year."

Delete pages 2 through 4.

Page 5, delete line 1.

Page 9, delete lines 22 through 42, begin a new paragraph and insert:

"SECTION 12. IC 6-3.5-7-24 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 24. (a) This section applies only to a county that has adopted the economic development income tax for business personal property tax replacement under section 5.5 of this chapter.**

(b) As used in this section, "net property tax liability on business personal property" means the property taxes attributable to business personal property eligible for property tax replacement under this section that are due and payable as shown on the property tax statement sent to a person after all deductions and credits, including the credits under IC 6-1.1-20.5 and IC 6-1.1-21, have been applied under any other statute.

(c) As used in this section, "business personal property" includes personal property as defined in IC 6-1.1-1-11.

(d) If the county council or county income tax council imposes

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a county economic development income tax under section 5.5 of this chapter, the county economic development income tax revenue generated by the tax rate imposed under section 5.5 of this chapter shall be used for property tax replacement purposes in the county as specified in this section. The entity that imposes a tax under section 5.5 of this chapter shall each year specify by ordinance the types or classes of business personal property that are eligible for property tax replacement under this section.

(e) The county treasurer shall establish a business personal property tax replacement fund to be used only for the purposes described in this section. The county's business personal property tax replacement certified distributions shall be deposited in the business personal property tax replacement fund and shall not be included in the certified distributions made under section 12 of this chapter.

(f) The county assessor shall determine the amount of each property owner's assessed value that is attributable to the assessed value of business personal property in the county that is eligible for property tax replacement under this section. Before December 1 of each year, the county assessor shall provide the county auditor with the amount of assessed value of business personal property for each taxpayer that is eligible for property tax replacement under this section.

(g) The county auditor shall compute the amount of property taxes in the county that is attributable to assessed value of business personal property that is eligible for property tax replacement under this section, as reported by the county assessor using the same property tax liability that is used to calculate the property tax replacement credit under IC 6-1.1-21-5 but after deducting the property tax replacement credit and the personal property tax reduction credit under IC 6-1.1-20.5.

(h) Before March 1 of each year, each county auditor shall certify to the state board of tax commissioners the amount of assessed value of business personal property that is eligible for property tax replacement under this section and for which the credit should be applied. Before March 15 of each year, the state board of tax commissioners shall, based on the balance in the county's business personal property tax replacement fund, certify to the county auditor the amount of business personal property tax replacement credits that will be provided to each taxpayer in the county for the year. The percentage of the credit against property taxes on eligible business personal property must be uniform



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throughout the county. To the extent consistent with this section, the credits shall be determined in the same manner as property tax replacement credits are determined under IC 6-1.1-21 but after deducting the property tax replacement credit and the personal property tax reduction credit.

(i) The county auditor shall do the following:

(1) Apply the business personal property tax replacement credit percentage under this section against the net property tax liability on business personal property of each taxpayer in the county that is eligible for property tax replacement under this section.

(2) Distribute from the county's business personal property tax replacement fund to each taxing unit in the county the amount of business personal property tax replacement credits allocated to the taxing unit for the year.

(j) A taxing unit shall treat property tax replacement credits received during a particular calendar year under this section as a part of the taxing unit's property tax levy for each fund for that same calendar year for purposes of fixing the taxing unit's budget and for purposes of property tax levy limits.

(k) For the purpose of computing and distributing certified distributions under IC 6-3.5-1.1 and tax revenue under IC 6-5-10, IC 6-5-11, IC 6-5-12, IC 6-5.5, or IC 6-6-5, the property tax replacement credits that are received under this section shall be treated as though they were property taxes that were due and payable during that same calendar year."

Delete pages 10 through 11.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 79 as printed March 2, 2001.)

BAUER, Chair

Committee Vote: yeas 22, nays 3.

ES 79—LS 6471/DI 92+



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